

**STATE OF MICHIGAN
DEPARTMENT OF ENERGY, LABOR & ECONOMIC GROWTH
OFFICE OF FINANCIAL AND INSURANCE REGULATION**

Before the Commissioner of the Office of Financial and Insurance Regulation

In the matter of:

DH Products, LLC

Enforcement Case No. 09-7026

Carl U. Hill, aka Dusty Hill


Respondents
_____ /

Issued and entered
on March 17, 2009
by Stephen R. Hilker
Chief Deputy Commissioner

FINAL ORDER

1. On February 12, 2009, the Commissioner issued an Order to Cease and Desist hereafter ("Order") pursuant to Section 408 of the Michigan Uniform Securities Act, hereafter ("MUSA"), MCL 451.808. Said Order advised Respondents that they may contest the Order by requesting a hearing within 15 days after service of the Order.
2. On February 12, 2009, the Office of Financial and Insurance Regulation, hereafter ("OFIR"), mailed the Order to Respondent DH Products, LLC via certified mail (7008 3230 0000 0398 9068) to the last known address of: 13961 CR 3, Longmont, CO 80504.
3. On February 12, 2009, OFIR mailed the Order to Respondent Carl U. Hill via certified mail (7008 3230 0000 0398 9075) to the last known address of: 13961 CR 3, Longmont, CO 80504.
4. On February 25, 2009, the United States Postal Service delivered the Order for Respondent DH Products, LLC.
5. On February 25, 2009, the United States Postal Service delivered the Order for Respondent Carl U. Hill.
6. A copy of the Order dated February 12, 2009 and this Final Order was served on the Administrator, specifically Commissioner Ken Ross. Service of the Order upon the Administrator is made pursuant to Section 414 of the MUSA, MCL 451.814

7. Respondents have failed to request a hearing within 15 days after service on them of the Order, as provided in Section 408 of the MUSA, MCL 451.808, therefore the Order is **FINAL**.

By: 
Stephen R. Hilker
Chief Deputy Commissioner
Office of Financial and Insurance Regulation

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13961 CR 3
Longmont, CO 80504**

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**Carl U. Hill, aka Dusty Hill
13961 CR 3
Longmont, CO 80504**

Respondent

_____ /

Issued and entered
on February 12 2009
by Stephen R. Hilker
Chief Deputy Commissioner

ORDER TO CEASE AND DESIST

The Office of Financial and Insurance Regulation of the Michigan Department of Energy, Labor and Economic Growth, pursuant to the Michigan Administrative Procedures Act of 1969, MCL 24.201 *et. seq.*, (hereafter "MAPA"), and the Michigan Uniform Securities Act, PA. 265 of 1964, as amended, MCL 451.501 *et. seq.*, (hereafter "Act"), and the rules promulgated under the Act, say that:

FINDINGS OF FACT AND CONCLUSIONS OF LAW

The staff of the Office of Financial and Insurance Regulation (hereafter "OFIR") alleges that the following facts are true and correct:

1. OFIR is responsible for the licensing and regulation of securities and enforcement of the provisions of the Michigan Uniform Securities Act, ("Act.")
2. OFIR has received information regarding the sales of unregistered securities by DH Products, LLC (hereafter "DH Products")
3. Respondent is a Colorado limited liability company formed on or about March 15, 1995.

4. Carl U. Hill, aka Dusty Hill is the registered agent and Operations Manager for DH Products. DH Products and Carl U. Hill are hereafter collectively referred to as Respondents.
5. In April 2008, OFIR was notified by the Colorado Division of Securities that Respondents may have engaged in violations of the Act.
6. On April 28, 2008, the Colorado Division of Securities entered a final cease and desist order against Respondents for violating the Colorado Securities Act
7. On June 18, 2008, OFIR sent Respondents a 15-day letter via Certified Mail.
8. Respondents responded via e-mail on June 27, 2008.
9. Respondents' response failed to specifically respond to each of the items in OFIR's June 18, 2008 letter and therefore was insufficient.
10. Respondents did, however, acknowledge that one Michigan resident invested \$5,000 with DH Products on April 13, 2003.
11. The investment contracts offered by Respondents were not registered as securities with OFIR.
12. On July 3, 2008, OFIR sent Respondents via Certified Mail a second request to fully respond to OFIR's June 18, 2008 letter. Respondent received the letter on July 10, 2008. As of the date of this Order, OFIR has not received any further response from Respondents.
13. Section 401(z) of the Act, MCL 451.801(z), definition of a "security" to include a note; stock; treasury stock; bond; debenture; evidence of indebtedness; certificate of interest or participation in any profit-sharing agreement; collateral-trust certificate; or subscription; transferable share; investment contract; voting-trust certificate; or certificate of deposit for a security.
14. Respondent knew or had reason to know that Section 407(a) of the Act, MCL 451.807(a), allows the administrator in his discretion to require or permit any person to file a statement in writing, under oath or otherwise as the administrator determines, as to all the facts and circumstances concerning the matter to be investigated.
15. Respondent further knew or had reason to know that Section 301 of the Act, MCL 451.701, makes it unlawful for a person to offer or sell any security in the State of Michigan unless the security is: 1) registered under the Act, 2) an exempt security or transaction under Section 402 of the Act, or 3) a federally covered security.

16. Respondent further knew or had reason to know that Section 802(c) of the Act, MCL 451.802(c), provides that in any proceeding under this act, the burden of proving an exemption or an exception from a definition is upon the person claiming it.

WHEREAS, Section 408 of the Act, MCL 451.808, states that whenever it appears to the Administrator (Commissioner of the Office of Financial and Insurance Regulation) that any person has engaged or is about to engage in any act or practice constituting a violation of any provision of this act or any rule or order hereunder, it may in its discretion issue a cease and desist order or bring an action in a circuit court to enjoin the act or practices and to enforce compliance with this act or any rule or order hereunder; and

WHEREAS, Respondents failed to fully respond to OFIR's June 18, 2008 and July 3, 2008 requests for information; and

WHEREAS, Respondents offered and sold securities, i.e., an investment contract in his Flat Alert System to Michigan residents; and

WHEREAS, the investment contracts offered by Respondents, meets the definition of a security, as defined and listed in Section 401(z) of the Act, MCL 451.801(z); and

WHEREAS, Section 301 of the Act, MCL 451.701, provides that it is unlawful for any person to offer or sell any security in Michigan unless the security is: registered under the Act, the security or transaction is exempt under Section 402 of the Act, MCL 451.802, or the security is a federally covered security; and

WHEREAS, the securities offered and sold by Respondents do not meet any of the requirements listed in Section 301 of the Act, MCL 451.701; and

WHEREAS, Respondents therefore offered and sold securities in the State of Michigan in violation of Section 301 of the Act, MCL 451.701; and

WHEREAS, the Administrator finds this Order necessary and appropriate in the public interest, for the protection of investors, and consistent with the purposes fairly intended by the policy and provisions of the Act; and

WHEREAS, the Administrator retains the right to pursue further administrative action against the Respondent should the Administrator determine that such action is necessary and appropriate in the public interest, for the protection of investors, and consistent with the purposes fairly intended by the policy and provisions of the Act; and

WHEREAS, based on the foregoing, OFIR Staff recommends that the Administrator find that Respondent has engaged in acts and practices that violate Section 301 of the Act, MCL 451.701.

ORDER

IT IS THEREFORE ORDERED, pursuant to Section 408 of the Act, MCL 451.808, and Section 409 of the Act, MCL 451.809, that:

1. Respondent shall immediately **CEASE AND DESIST** from violating Section 301 of the Act, MCL 451.701.
2. Based upon Respondent's violations of the Act and because the Administrator finds that it would be in the public interest, any exemptions under Section 402(a)(1), (6), (7), (8), (9), (10), and 402(b) of the Act, MCL 451.802(a)(1), (6), (7), (8), (9), (10), and 451.802(b) for which Respondent might qualify, are hereby summarily denied or revoked for all purposes provided under Section 408(c) of the Act, MCL 451.808(c) including but not limited to Respondent's right to engage in transactions otherwise exempt under Section 402(b) of the Act, MCL 451.802(b) in the future absent compliance with the registration provisions of the Act.

Failure to comply with this ORDER may subject you to a criminal penalty of not more than \$25,000 for each violation, or imprisonment of not more than 10 years, or both.

You may file with the Administrator within 15 days after service of this Order a written request for a hearing. The Administrator, within 15 days after your filing, shall issue a notice of hearing and set a date for the hearing. Any request for a hearing should be addressed to: the Office of Financial and Insurance Regulation, Attention: Hearing Coordinator Dawn Kobus, P.O. Box 30220, Lansing, Michigan 48909.

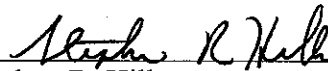
If you do not request a hearing, or it is not ordered by the Administrator within 15 days, this Order will stand as entered and will be FINAL.

It is important to understand that any statements that you present in response to this Order may be used against you at a hearing. It is also important to understand that you have the right, at your own expense, to have an attorney assist you at a hearing.

The Administrator retains the right to pursue further administrative action against the Respondent should the Administrator determine that such action is necessary and appropriate in the public interest, for the protection of investors, and consistent with the purposes fairly intended by the policy and provisions of the Act.

Any other communication regarding this Order should be addressed to the Office of Financial and Insurance Regulation, Attention: William R. Peattie, P.O. Box 30220, Lansing, Michigan 48909.

OFFICE OF FINANCIAL AND
INSURANCE REGULATION

By: 
Stephen R. Hilker
Chief Deputy Commissioner